

# Project Closeout

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## Introduction

As CDBG-DR grant funds are fully spent and the project is completed, the subrecipient must begin the process of closing out a project. This chapter provides information to recipients on the project closeout process and requirements. The chapter details the steps to complete each task involved in closeout and provides the forms necessary to do so.

## Timely Expenditures and Project Completion

HUD requires DCA to expend 100 percent of its CDBG-DR grant allocation within six years of the date it signs an agreement with HUD. For infrastructure awards, the projects must be completed within three years of the date of execution of a grant agreement between DCA and the subrecipient. Therefore, timely closeout with subrecipients will be a key factor in DCA meeting that deadline. DCA may approve extensions of the period of performance, contingent upon the overall grant timeline and HUD approval, provided that the subrecipient demonstrates that good cause exists.

DCA will notify the subrecipient of its requirement to complete the project no less than 120 days prior to the end of the period of performance. The subrecipient, if it has not done so already, will initiate the closeout process by submitting the Project Closeout Checklist (PCC) no less than 30 days prior to the end date, as described below.

## Overview of the Closeout Process

The closeout process is designed to ensure that all CDBG-DR activities are completed, and funds are expended in accordance with the grant agreement, program rules, and State and federal requirements. This means that any financial, administrative, and performance issues as stipulated in the grant agreement have been resolved to the satisfaction of DCA, HUD, and the subrecipient. The project will be ready to closeout when the following conditions are met:

- DCA has conducted a final inspection on-site with the Engineer of Record and Subrecipient to ensure the project is completed and meets applicable standards.
- This inspection will confirm that all eligible activities are completed according to the scope of work agreed on in the signed grant agreement, certified by the Engineer of Record through a Certification of Completion.
- All funds are expended in full, or the remaining funds are planned to be returned to HUD.
- All reporting requirements (e.g., Quarterly Performance Reports, HUD Monthly Status Reports, and HUD Contract Reports) were completed.
- Any special conditions of the program were met.
- All audit and labor monitoring issues were resolved.

Subrecipients must submit the following documents during closeout to complete the process:

- Final request for funds.
- Documentation reporting the grant accomplishments and expenditures of each project to the residents of the jurisdiction, as well as the HUD national objective met.
- Comprehensive documentation of all funds invoiced, expended, and returned, if applicable.
- Documentation describing the resolution of any outstanding audit or monitoring issues.

- Final Duplication of Benefits and Non-supplanting Certification Form.
- Certification of Completion from an engineer.
- Flood insurance documentation, where applicable.
- Documentation of all final inspections
- As-Built plans and final elevation surveys are completed.
- Operation and Maintenance Manuals have been provided for equipment. (If required)
- Maintenance Bonds, Release of Liens, Consent of Surety for Final Payment.
- FEMA Elevation Certification. (If required)
- Completed Environmental Condition Checklist.

DCA will review these documents and process the final request for funds if all the documentation and circumstances of the project warrant closeout. At this time, DCA will conduct a final Duplication of Benefits (DOB) analysis to ensure that the applicant has not received any additional funding. DCA will also disencumber any remaining funds (if applicable) and enter all needed information in Disaster Recovery Grant Reporting System (DRGR) to show that the project activities have been completed.

As stated in Program Administration, the Subrecipient must also submit a final performance report and a final Expenditure Report—certified by the Chief Financial Officer—comparing total program expenditures to the Approved Program Budget within 90 days after the period of performance ends.

### Requirement for Flood Insurance

As stated in the respective program Policy Guidelines, subrecipients must obtain flood insurance for applicable infrastructure projects located in a Special Flood Hazard Area. Flood insurance is typically required for buildings constructed using these funds. Subrecipients should consult with DCA to determine whether the project includes insurable structures or property held to this requirement. Flood insurance monitoring will require the applicant to submit documentation meeting the compliance requirements of Section 102(a) of the Flood Disaster Protection Act of 1973. The standard documentation for compliance with Section 102(a) is either a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance or a copy of the current policy declarations form issued by the National Flood Insurance Program (NFIP) or issued by any property insurance company offering coverage under NFIP. The program may seek third-party verification of compliance as well. When applicable, DCA will review documentation of flood insurance as part of the closeout procedures. Applicants who cannot meet these requirements at the time of closeout may be determined to be non-compliant and may have to repay all or a portion of the assistance provided by the program.

### Project Closeout Checklist

All subrecipients are required to submit **Attachment: Project Closeout Checklist (PCC)** to initiate the closeout process no less than 30 days prior to the end date of the period of performance. This submission signifies that all grant activities are complete and include all required closeout documentation.

## Closeout Letter

After reviewing and processing the closeout documents, DCA will send the subrecipient a closeout letter. Subrecipients must sign and return the closeout letter to DCA in order to receive their retainage.

## Record Retention

Once the project has received the closeout letter, the subrecipient must retain all records pertaining to the project for at least seven (7) years from the project's closeout in accordance with state and federal records retention requirements.

## Continuing Subrecipient Responsibilities

Subrecipients are subject to certain CDBG-DR requirements and other provisions included in the subrecipient agreement after closeout. These responsibilities include:

- The CDBG regulations at [24 CFR § 570.489\(j\)](#) contain provisions regarding changing the use of real property within the subrecipient's control that was acquired or improved, in whole or in part, with CDBG-DR funds. These provisions require that the property be maintained for its original eligible use and continue to meet a national objective for at least five years after grant closeout.
  - If the unit of general local government determines, after consultation with affected citizens, that it is appropriate to change the use of the property, it may pay the State the current fair market value for the property. The property will no longer be subject to any CDBG program requirements.
- Ensure that flood insurance coverage for the affected property is maintained for the mandatory period, as applicable.
- Follow record retention requirements in accordance with federal and state requirements.
- Remain subject to the audit requirements in [2 CFR Part 200 Subpart F](#).
- Continue to operate and maintain the project in accordance with the subrecipient agreement.
- Any other continuing responsibilities outlined in the subrecipient agreement.

As specified in [2 CFR § 200.345](#), the closeout of a CDBG-DR award to a subrecipient does not affect the State's right to disallow costs and/or recover funds based on a later audit or other review, or the subrecipient's obligation to return funds due to the State from subsequent refunds, corrections, or other transactions.

## Source Documents

File Name	Project Closeout Checklist (attachment)
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